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Eastern Europe's Agricultural Trade With the West: Mortgaging Consumption

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An Intelligence Assessment

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May 1984

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Eastern Europe's Agricultural Trade With the West: Mortgaging Consumption [redacted] 25X1

An Intelligence Assessment

This paper was prepared by [redacted] Office of 25X1
European Analysis. [redacted] 25X1

Comments and queries are welcome and may be directed to the Chief, East-West Regional Issues Branch, EURA [redacted] 25X1

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Eastern Europe's Agricultural Trade With the West: Mortgaging Consumption

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Summary

Information available as of 1 May 1984 was used in this report.

External financial problems have forced a major adjustment in Eastern Europe's agricultural trade with the West since 1981. The regimes have scaled back longstanding commitments to consumers as debt repayment has taken priority over domestic consumption. This development represents a turnaround from the 1970s when proconsumer policies resulted in greater reliance on Western imports and a growing hard currency agricultural trade deficit:

- Hard currency agricultural imports, which rose from $1.8 billion in 1970 to $8.8 billion in 1980, have fallen by more than $3 billion during the past three years.
- This curb on imports has slashed the region's hard currency agricultural trade deficit from a record $4.8 billion in 1981 to $1.8 billion in 1983 and accounted for almost 40 percent of the improvement in the region's total trade balance with the West. 25X1

The gains in the region's trade position have entailed economic and political costs because they stemmed not from reductions in waste or increased productivity but rather from limits on raw material inputs and a squeeze on consumer supplies:

- Reduced imports caused losses in the livestock sector, depressed crop yields, raised production costs in processing industries, and diminished returns to past investment. 25X1
- Consumer grumblings increased—most notably in Poland and Romania—as price hikes, rationing, and long queues became common.

We believe the adjustment phase of Eastern Europe's agricultural trade with the West is coming to an end. We expect increases in imports for most countries, and a widening in the region's agricultural trade deficit in 1984 and beyond. While poor agricultural performance in the next few years would increase import requirements, good harvests probably would not allow for a further reduction in imports. In our view, attempts to reduce import needs through increased domestic output probably will not be successful. As a result:

- A widening of the agricultural trade deficit will make it difficult for Eastern Europe to maintain, much less increase, the level of hard currency trade and current account surpluses achieved in 1982-83.

- Efforts to offset a larger agricultural trade deficit by placing a larger burden on the nonagricultural sectors could impede industrial modernization and growth, complicate export commitments within the Council for Mutual Economic Assistance, and limit supplies of nonfood consumer goods. 25X1

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Even with some increase in imports, East European consumers can expect only a small improvement in food supplies over the next couple of years. Basically, food availability will be tied very closely to the success of the domestic harvest:

- Shortfalls will remain most severe in Poland and Romania, where many foods are already in tight supply and pressures to restrict imports and boost exports are the greatest.
- Although spot shortages of basic foodstuffs will occur in the other countries, the major food problems will be reduced supplies of luxury items and higher prices. (C)

The reluctance of US banks to lend to Eastern Europe and the limited availability of US Government financing will restrict US exports to the region. Despite East European threats to boycott US agricultural products over alleged discriminatory financing practices, [redacted] 25X1 [redacted] US exporters could recoup much of the market share lost in 1981-82 25X1 should credit become available again on favorable terms. [redacted] 25X1

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Introduction

Beginning in the early 1970s, most East European governments sought to boost labor productivity and ease social tensions through new policies aimed at rapidly improving living standards (see inset). A better diet for the people, with greater consumption of meat and dairy products, became the cornerstone of such policies. Key features of the effort to increase food consumption included:

- Expansion of agricultural output, mainly through increased investment, in order to improve domestic supplies and to increase export earnings needed to pay for larger amounts of imports.
- Greater willingness to import items produced in insufficient quantities (grain, oilseeds) and products not grown domestically (coffee, tea, spices, citrus fruits).
- Large retail food price subsidies to protect consumers from the higher costs of agricultural production and imports.

Implementation of the program produced immediate gains in both production and consumption. As the decade progressed, however, the growth of subsidized consumption outstripped production increases by an ever widening margin. To bridge the gap between consumer demand and domestic output, Eastern Europe turned increasingly to the West for needed imports. At the same time, the growth of the region's agricultural exports slumped sharply as export prices stabilized, supplies available for export declined, restrictionist measures in the West increased, and pressures to boost deliveries to the USSR intensified. By 1981 Eastern Europe was consuming well beyond its means, heavily dependent on the West for many of its basic foodstuffs and agricultural raw materials, and was saddled with a burdensome hard currency agricultural trade deficit.

This paper examines the costs and benefits of Eastern Europe's agricultural trade with the West. After briefly assessing the factors underlying the rapid growth of the region's deficit in hard currency agricultural trade during the 1970s,[1] it examines the

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The Food Problem in Eastern Europe

Eastern Europe's food problem centers on the quality and variety of the diet, not on failure to meet physiological or nutritional requirements. Indeed, the average daily caloric intake of most East Europeans is comparable to that in many Western industrialized countries. The conventional yardstick for measuring quality of the diet is per capita consumption of animal protein—meat, dairy products, and eggs. Increased demand for certain other commodities—tropical and subtropical fruits, coffee, spices, and cocoa—does not spring from indispensable nutritional needs but rather reflects the desires of a more affluent society. When judged against these criteria, East European regimes made substantial progress in improving their peoples' standard of living and perception of well-being during the 1970s. 25X1

Access to a wide assortment of quality foods assumes added weight in Eastern Europe because of shortages of quality consumer durables. Consumers have had few alternatives for spending their increased disposable incomes. Consequently, food has averaged some 30 to 40 percent of total household expenditures in most East European countries; expenditures for meat and dairy products alone often constitute 10 to 15 percent or more of consumer expenditures. The respective percentages for Organization for Economic Cooperation and Development countries are roughly one-half to two-thirds the level of Eastern Europe. 25X1

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[1] Agricultural trade in this paper is defined according to the standard CEMA Trade Nomenclature (CTN) classification "Food and Raw Materials for Food." It includes category 6—Live Animals; category 7—Raw Materials for the Production of Foodstuffs; and category 8—Foodstuffs. To these totals were added trade in cotton, wool, hides and skins, and feedstuffs (oilmeal) to give a more comprehensive picture of the region's agricultural trade. Trade values are exclusive of trade in agro-industrial inputs—agricultural chemicals and machinery. 25X1

Figure 1
Eastern Europe: Agricultural Trade With the West, 1970-83

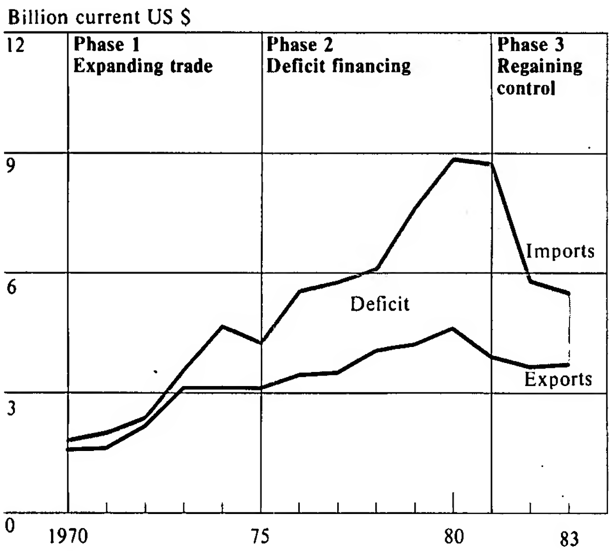

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Table 1 *Percent*
Eastern Europe: Geopolitical Distribution of Agricultural Trade

	1970	1975	1980	1982
Imports from	**100.0**	**100.0**	**100.0**	**100.0**
Socialist countries	50.8	41.7	32.0	45.1
Eastern Europe [a]	14.6	14.8	14.1	17.9
USSR	28.0	18.2	8.6	11.8
Other CPEs [b]	8.2	8.7	9.3	15.4
Nonsocialist countries	49.2	58.3	67.9	54.9
Developed [c]	33.0	37.6	47.4	37.1
LDCs [d]	16.2	20.7	20.5	17.8
Exports to	**100.0**	**100.0**	**100.0**	**100.0**
Socialist countries	47.1	50.4	54.6	64.2
Eastern Europe [a]	18.4	15.9	17.9	23.0
USSR	26.2	32.2	32.5	37.2
Other CPEs [b]	2.5	2.3	4.2	4.0
Nonsocialist countries	52.9	49.6	45.4	35.8
Developed [c]	48.4	41.5	35.2	28.4
LDCs [d]	4.5	8.1	10.2	7.4

[a] The CEMA Six—Poland, East Germany, Czechoslovakia, Hungary, Romania, and Bulgaria. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

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Socialist trade was derived by converting the value of trade expressed in the currency of each European country to rubles and then to dollars at the prevailing foreign exchange rate.

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impact of the East European financial crisis on agricultural trade, production, and food supplies in 1981-83. The paper also considers the factors affecting the outlook for agricultural trade with the West and the implications for the region's balance of payments, food consumption, and trade with the United States. The appendixes review trends in the 1970s in depth, show the regional pattern of East European agricultural trade, and provide statistical detail.

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Agricultural Trade in the 1970s

Steadily growing deficits marked Eastern Europe's agricultural trade with the West between 1970 and 1981. Although imports shot up at an average annual rate of nearly 19 percent during 1971 to 1975 (figure 1), the East Europeans defrayed most of the additional costs through an impressive 15-percent average annual growth of hard currency agricultural exports. The region's position worsened dramatically during the latter half of the 1970s. Import growth remained strong—roughly 16 percent annually—while the rate of export growth fell to nearly half that achieved in the early 1970s. As a result, the deficit in hard currency agricultural trade,[2] which stood at only $244 million in 1970, reached $4.8 billion by 1981.

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The growth of agricultural imports improved the East European diet, but these gains were only as good as the region's credit rating. Ever increasing deficits

[2] Hard currency agricultural trade refers to trade with the West, that is, trade with nonsocialist countries.

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Trade Positions Differ Among Countries

While Eastern Europe as a whole increased net imports of agricultural commodities from the West during the 1970s, developments varied significantly between the northern and the southern countries. The grain-deficit, more industrialized northern countries—Poland, East Germany, and Czechoslovakia—accounted for 60 percent of the region's hard currency imports and roughly 85 percent of the region's hard currency deficit in agricultural trade. By contrast, the southern countries provided approximately 60 percent of East European agricultural exports to the West. Bulgaria regularly recorded surpluses in agricultural trade while Yugoslavia ran deficits (figure 2). After chalking up large surpluses in 1970-75, Hungary and Romania suffered deteriorating trade performance in the last half of the decade.

In gross terms, Poland was by far Eastern Europe's leading importer from the West during the 1970s, accounting for roughly one-fourth of the region's hard currency purchases. On a per capita basis, however, imports from the West were substantially more important for East Germany, Czechoslovakia, and Hungary (figure 3). Agricultural imports received between 20 and 25 percent of total hard currency expenditures for the three northern countries, but only 15 percent of outlays by the southern tier.

Despite the southern region's overall dominance in exports, Poland was Eastern Europe's single largest seller of agricultural products to the West. The Poles held roughly 23 percent of the region's market in the West. Agricultural sales accounted for nearly 18 percent of Warsaw's hard currency earnings over the decade. By comparison, food exports contributed approximately 20 to 25 percent of total earnings for Hungary and Bulgaria, the countries most supportive of agriculture, but only 10 percent of earnings for Czechoslovakia and East Germany, the most industrialized countries. 25X1

Except for Bulgaria, every East European country's hard currency trade balance deteriorated sharply in the last half of the 1970s. Poland, which struggled with disastrous harvests and overheated consumer demand, experienced the worst losses. A 33-percent decline in export growth coupled with a 150-percent increase in imports reversed generally good trade performance in 1971-75 and produced a nearly eightfold increase in Poland's hard currency trade deficit. As a result, Poland's accumulated deficit for 1971-80 trailed by only a small margin those of East Germany and Czechoslovakia, countries with considerably less comparative advantage in agriculture. Romania, and to a much lesser extent, Hungary, ran deficits in agricultural trade with the West during 1976-80. Romania cut the rate of import growth almost in half during the period, but exports showed virtually no growth. Bulgaria, on the other hand, recorded a widening agricultural trade surplus in 1976-80 as a result of healthy gains in exports. Consequently, Bulgaria's net exports for 1971-80 were roughly double those of Romania and Hungary. 25X1

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meant that agricultural trade assumed a growing role in the buildup of Eastern Europe's hard currency debt (see inset). Whereas the agricultural trade deficit amounted to only 16 percent of the region's total hard currency trade deficit in 1970, by 1981 it exceeded the region's total trade deficit. Agricultural trade trailed only net interest payments as the largest element in the region's overall current account deficit.

Factors both within and beyond the control of the East European regimes account for the region's poor performance in agricultural trade. Policies that overheated consumption and hobbled production bear most of the blame, but bad weather, changing consumer tastes, and Western protectionism also played important roles. The upswing in Eastern Europe's need for agricultural imports came at a time when Western exporters were anxious to expand sales—on credit if necessary—and the USSR proved less able to meet the region's requirements (table 1). (See appendix A for an in-depth discussion of agricultural trade in the 1970s.) 25X1

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Figure 2
Eastern Europe: Agricultural Trade With the West, by Country, 1970-82

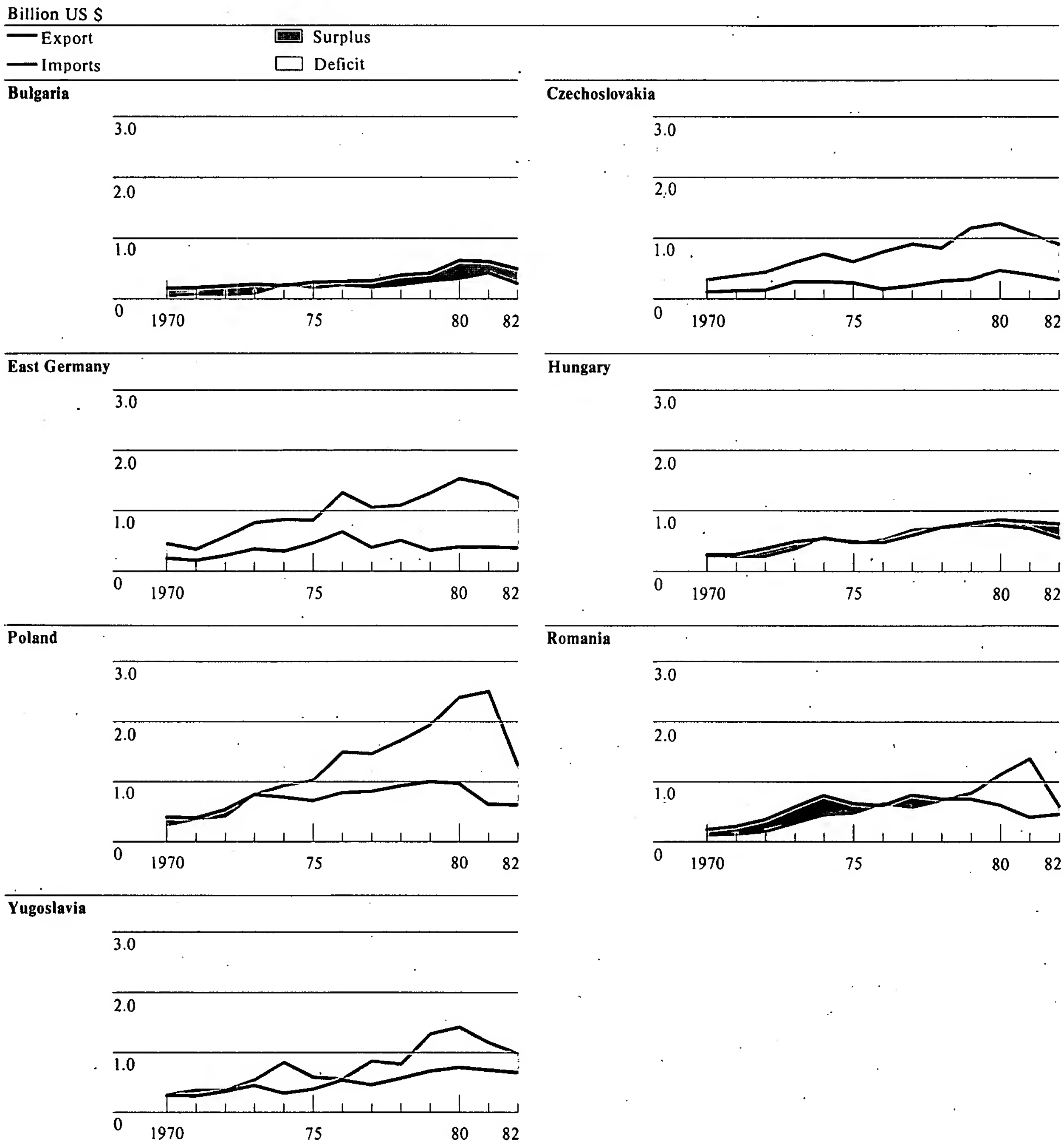

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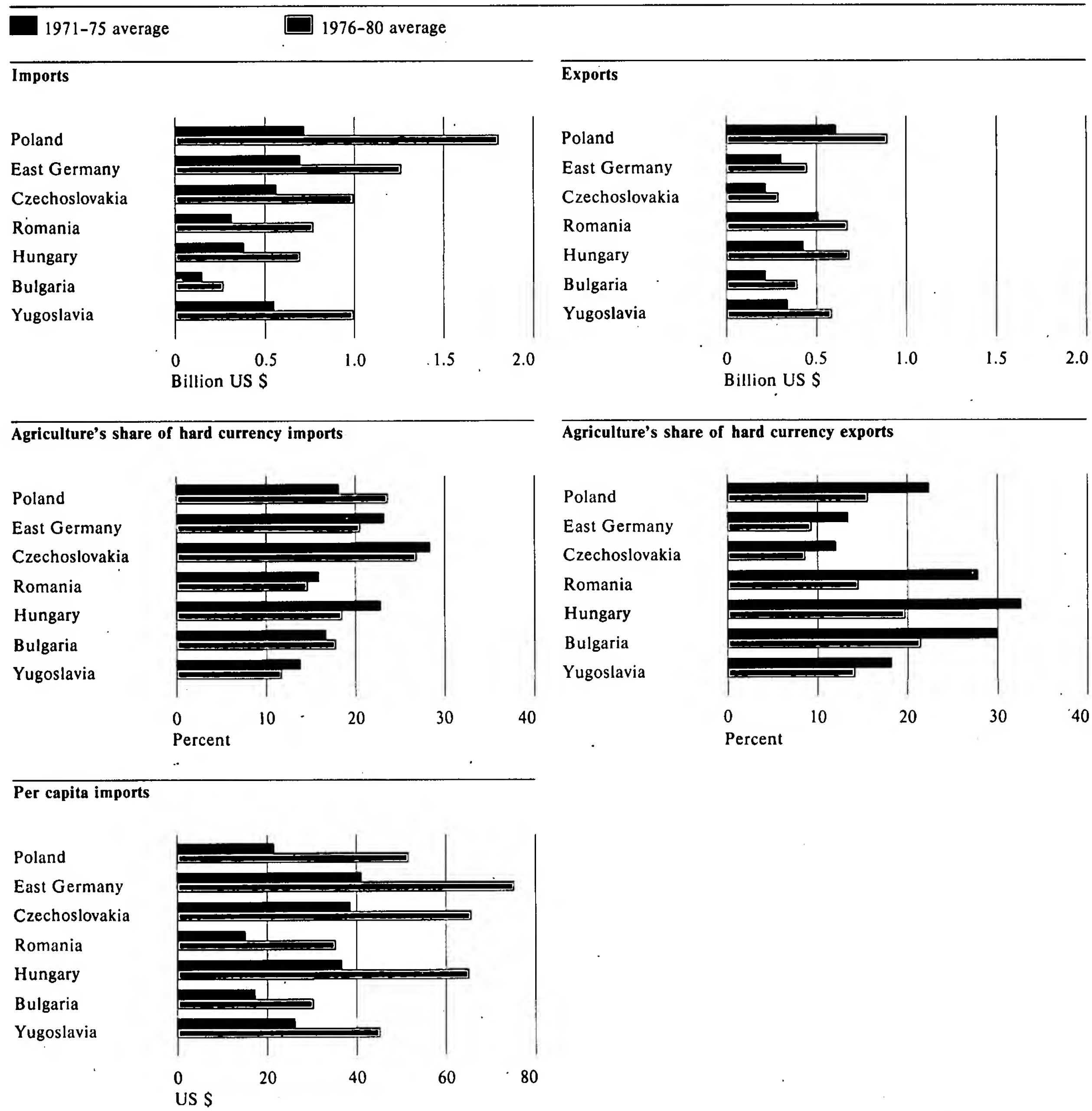
Figure 3
Eastern Europe: Agricultural Trade With the West, 1971-75 and 1976-80



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Regaining Control

During 1981-82 Eastern Europe's hard currency financial situation worsened dramatically and slowed to a trickle the flow of Western credits to finance imports of agricultural commodities. Both France and Canada failed to renew long-term grain agreements with Poland while the United States, traditionally the supplier of more than half of Polish grain imports, cut off Commodity Credit Corporation (CCC) credits after martial law was imposed in December 1981. The little credit that was available generally carried much shorter maturities and higher interest rates than previously.

In response to the credit squeeze, Eastern Europe moved to cut imports and boost exports. A record grain harvest in 1982 together with another good harvest in 1983 in the northern countries helped ease the initial impact of the import cuts. The regimes, nonetheless, had to impose tough new measures to limit domestic demand.

Improved Trade Balances

A reduction in hard currency agricultural imports, primarily grain and feedstuffs, offered immediate help for Eastern Europe's financial problems. In 1981, the value of Eastern Europe's hard currency agricultural imports fell for the first time in five years. In 1982 the imports plummeted nearly $3 billion, accounting for 37 percent of the total reduction in the region's hard currency expenditures. Cutbacks in purchases of grain, oilmeal, coffee, tea, cocoa, and spices led the decline and amounted to roughly 80 percent of the falloff in agricultural imports. Grain imports declined by almost 40 percent, and oilmeal imports fell by more than 10 percent.

All countries reduced hard currency purchases in 1982.[3] On a percentage basis, Romania and Poland made the deepest cuts—about 50 percent—while imports fell by about 16 percent in East Germany, Czechoslovakia, and Yugoslavia. Although the reduction in imports slowed to $500 million in 1983 based on preliminary data, agricultural purchases continued to account for roughly 40 percent of the decline in Eastern Europe's hard currency outlays. Poland again made the deepest cuts as it reduced agricultural purchases by about one-third or approximately $400 million. Yugoslavia and Czechoslovakia cut imports by about $100 million. By contrast, we estimate that Hungary increased its purchases by roughly $80 million and Bulgaria by $40 million.

Many East European countries tried to improve their balance-of-payments positions by boosting agricultural exports to the West even if it meant diverting supplies from domestic markets. Yugoslavia's 1983 plan called for a 10-percent increase in agricultural and food products to the West despite declining availabilities at home. Poland stepped up exports of high-quality meat, primarily beef, in exchange for increased imports of less expensive, lower quality meats, primarily poultry. Romanian President Ceausescu repeatedly called for an increase in agricultural exports in order to fund hard currency imports and to reduce foreign debt. in early 1983 both Romania and Hungary offered increased supplies of pork for export to the West. The Hungarian exports were to come at the expense of deliveries within Eastern Europe or to the USSR. In an effort to be more competitive in world markets, Hungary reduced export prices for ham to most Western markets.

The regimes tried to increase exports by offering various incentives, including:
- Reducing or eliminating taxes on certain goods produced for export.
- Authorizing foreign trade organizations (FTOs) to pay higher prices for agricultural output delivered to them above planned export targets.
- Allowing FTOs to retain a larger percentage of foreign exchange earnings for the purchase of raw materials.

Most of these efforts proved unsuccessful. Following a $716 million decline in 1981, the region's hard currency agricultural exports fell $243 million in 1982. By putting a very tight squeeze on consumer supplies, Romania was the only country to record a modest

[3] Individual country's agricultural trade balances for 1970-82 are given in appendix C, tables C-5 to C-11.

increase in agricultural sales to the West in 1982. On the basis of preliminary data for 1983, we believe the region's exports to the West probably fell by another $100 million.

Several factors account for the failure of attempts to increase hard currency sales. Available supplies for export declined in 1981-83, the result of poor grain harvests in 1981 and in the southern countries in 1983, declining livestock yields, and difficulties in procurring sufficient supplies in domestic markets because of unfavorable pricing policies. Poland's meat exports, for example, fell by almost half in 1981 to 89,000 tons and dropped by another 14,000 tons in 1982. Recession in the West and heightened competition dampened demand and held down prices for most livestock products, the region's dominant hard currency agricultural export. The average price received for Yugoslavia's exports of canned pork to the United States in 1983, for example, was the lowest price in the past 10 years. With a record harvest in 1982, Hungary, Yugoslavia, and Romania tried to market a larger-than-normal share of grain to the West but lower prices limited hard currency earnings. Moreover, reduced foreign currency earnings of Middle Eastern countries limited agricultural exports to these important markets.

Even with the falloff in exports, Eastern Europe's hard currency agricultural trade deficit was more than halved in 1982, declining from the record 1981 level of $4.8 billion to $2.2 billion. There were improvements for every country, with Poland and Romania gaining the most. We estimate the region's total trade deficit with the West fell by an additional $400 million in 1983. The gain resulted from continued improvement by net-importing countries. Preliminary data indicate that Poland cut its deficit by an additional $500 million, Yugoslavia by $100 million, and Czechoslovakia by $40 million. Net exporters Bulgaria and Hungary, however, saw their surpluses narrow by some $40 million and $200 million, respectively.

Other Trade Adjustments

The East Europeans also tried to address their financial problems through unconventional trade arrangements. Most countries tried to obtain financing from new or secondary suppliers, but on balance their efforts met with little success. The only exception has been East Germany, which purchased grain from Canada and Austria on the basis of government-backed credits and sharply increased purchases of 25X1
grain and oilmeal from West Germany, taking advantage of special credit facilities available in intra-German trade. In general, however, most major exporters of grain and oilseed products—Australia, Argentina, France, and Brazil—were reluctant to offer credits, either because of their own inability to extend credit or because of doubts about Eastern Europe's creditworthiness. Lacking financing from major suppliers, Eastern Europe turned to nontraditional and relatively minor suppliers—Great Britain, Spain, South Africa, and Sweden—for grain purchases. 25X1

Most East European countries also stepped up efforts to secure countertrade deals. Although it is difficult to assess the significance of countertrade in securing agricultural imports, we believe that such transactions have been only moderately successful:

- Romania has been the leading proponent of countertrade, telling Western suppliers that without credits they could import agricultural goods only if Western companies were willing to accept such items as 25X1
cement, fertilizer, chemicals, and textiles in exchange.

- Poland was able to barter 500,000 tons of coal for 160,000 tons of French wheat in late 1982.

- Yugoslavia has entered into arrangements with large Western grain firms to import soybeans, oilmeal, fishmeal, and sunflower seeds for cash equal to that earned from exports of Yugoslav corn through Western firms. 25X1

Eastern Europe has been successful in obtaining some commodities—coffee, tea, spices, sugar, vegetable oils, fruits—from less developed countries (LDCs) in exchange for exports of manufactured goods. Barter 25X1
deals with the West, however, offer less hope for obtaining large quantitites of grain and high-protein feeds. Because markets for East European industrial

Reducing Domestic Requirements

Eastern Europe has implemented various measures to adjust demand to reduced imports and to free up domestic production for export. Large food price hikes, particularly for meat, were announced in most countries over the past three years, and selective rationing was begun, most notably in Poland, Romania, and Yugoslavia. Grain requirements were slashed by slaughtering livestock or by slowing down the planned growth of livestock numbers. The grain content of feed rations was reduced while herd composition has been changed to emphasize growth in cattle and other ruminant animals while cutting back inventories of hogs and poultry, large consumers of grain. Wheat supplies were stretched by increasing flour milling rates and by substituting rye for wheat in baking bread. 25X1

Measures to limit demand have been effective in most countries. Reductions in animal numbers and lower quality feed rations saved an estimated 8 million tons of grain in 1981-82. Despite increases in wages and social benefits in many countries, sharp price hikes increased the real cost of food. Higher meat prices in Poland in 1982, for example, reportedly put the full ration allowance beyond the reach of many consumers, and surveys showed that Polish expenditures for food had increased to as much as 70 percent of total household expenditures. In Czechoslovakia, rising prices have reduced per capita meat consumption from 86 kilograms in 1980 to 80 kilograms in 1983. In Hungary, price increases on grain products, chocolate, and confectionery goods have reduced per capita consumption of these items by roughly 5 percent. 25X1

The Burden of Adjustment

While import restraint has provided a short-term solution to Eastern Europe's financial problems, measures to reduce domestic demand have entailed economic and political costs. Most of the savings have not been achieved through reductions in waste or through increased production efficiency, but rather by limiting raw material inputs and by squeezing consumer supplies. 25X1

Impact on Supply

Eastern Europe has achieved greater self-sufficiency in the past two years largely at the expense of current and future output, lower productivity, and higher production costs:

- Adjustment measures have led to feed shortages, which in turn have reduced livestock yields and output. The value of the region's total livestock output fell by 4.5 percent in 1981 and by 2.5 percent in 1982. Meat output in 1982 declined some 3 percent; milk and egg production each declined 2 percent. The loss of meat output over the past two years would have been greater had distress slaughtering not increased supplies.

- Import cuts have reduced the availability of fertilizers, herbicides, fungicides, and pesticides, which in turn has depressed crop yields, particularly for many nongrain crops such as sugar beets and sunflowers.

- Interruptions or restrictions on raw material imports have caused many agriculturally based industries—meat processing, textiles, leather, footwear, oilseed crushing, and feed mills—to shut down at times or to operate substantially below capacity thus raising production costs sharply. 25X1

Curtailing imports also has diminished returns to past investment, particularly in livestock production and processing. Animal inventories, for example, fell sharply in the northern countries in 1981-82. The situation remains most serious in Poland where hog numbers dropped about 9 percent in both 1982 and 1983, leaving early 1984 hog inventories about one-fourth below 1979 levels. 25X1

Interruptions in feed supplies jeopardize the effort made to "industrialize" livestock production. Return on investment in modern, capital-intensive livestock facilities, equipment, and breeding animals depends on supplying animals with a continuous well-formulated feed ration. Poland's broiler industry, for example, almost entirely dependent on imported corn and soybean meal, suffered large losses in 1982 when the

United States cut off CCC credits for grain purchases. Polish authorities claim that cutbacks in grain and oilmeal imports have reduced poultry output over the past two years by almost three-fourths and output of pork on industrial farms by 17 percent. Because Yugoslavia, Romania, Hungary, and Poland have all invested heavily in large projects to produce livestock for export to Western markets, feed shortages could endanger future export earnings.

Increased Consumer Discontent

The decision of most East European regimes to depress domestic food consumption has produced some increase in consumer discontent. Consumer grumblings have been widespread—most notably in Poland and Romania—as price hikes and long queues have become more common and rationing tightened. Consumers are well aware that exports of food, meat in particular, have been pushed while domestic needs are unmet. Worker morale and productivity also have been affected. According to embassy and press reports, food shortages have resulted in spontaneous worker protests including work stoppages, threats to strike, and increased absenteeism in Poland and Romania and to a lesser extent in East Germany. Nonetheless, East European authorities have defused troublesome situations—particularly during major holiday seasons—by releasing food from state reserves and, in a few instances, by allowing imports of luxury food items.

Outlook for Agricultural Trade

We believe that the adjustment phase in Eastern Europe's agricultural trade with the West is coming to an end. Further reductions in agricultural imports seem unlikely for most countries, and the region's agricultural trade deficit probably will begin to widen. The level of these imports will depend on the interaction of several key factors—the size of the domestic harvest, the availability of Western credits, the intensity of consumer discontent, the sensitivity of the regimes to these complaints, and competing demands for hard currency. We expect purchases of agricultural commodities will remain at least at the 1982-83 level or, more likely, will show a slight increase. Although we anticipate some improvement in agricultural exports, increases in imports are likely to outpace export gains in the future.

Prospects for Supply and Competing Demands

While poor agricultural performance in the next few years would increase import requirements, good harvests probably would not allow for a reduction in imports. A repetition of the poor harvests of the late 1970s would increase Eastern Europe's need for Western agricultural goods dramatically because there is now little "fat" left to cut out of consumption. A continuation of recent above-average harvests, on the other hand, would not give the regimes much leeway for further import reductions. The regimes must continue importing at roughly the 1982-83 rate simply to stabilize current consumption levels. A decision to increase consumption would require, in turn, a rise in imports.

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Even with good harvests, Eastern Europe needs sizable imports to obtain commodities that cannot be produced domestically (for example, citrus fruits, coffee, and cocoa) and to recoup some of the losses caused by recent import cuts. Imports are needed to supplement domestic production of oilseed products, corn, hides, tobacco, cotton, and sugar because climate and deficiencies in agrotechnology will prevent major increases in domestic output of these commodities. The region's grain requirements, in particular, are likely to rise because of the distressed situation in the livestock sector and the need to rebuild herds. Poland, for example, plans to triple imports of protein feeds in 1984 because the lack of such feeds was a major cause of declining livestock inventories in 1983.

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To reduce dependence on imports, most countries plan to increase crop output more rapidly than livestock output in 1981-85. Most regimes are counting on productivity gains to increase output because investment funds and the area available for expanding crop production are limited. These plans, however, are unlikely to succeed. Attempts to stimulate output through higher producer prices and improved services to the agricultural sector have fallen short in the past. The regimes typically have failed to sustain economic stimulus necessary for a significant improvement in output. Even if favorable weather permits above-average grain harvests, output is likely to fall short of demand, and the region will remain dependent on imports.

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Because import cuts during the past three years have affected all sectors, East European planners must balance the need for increased agricultural imports against demands for more capital goods, spare parts, chemicals, steel, nonfood consumer goods, and so forth. Heavy industry's needs for more investment and inputs almost certainly are as pressing as those of agriculture and the food industry. Producers of food and clothing, nonetheless, can make a strong case for their requirements not only because they help satisfy domestic consumers, but also because they are major hard currency earners. These arguments should ensure some priority funding for raw material imports needed in the production of textiles (wool and cotton), footware (hides and skins), and meat (grain and oil meal). [redacted]

Availability of Western Credits

Credits to purchase agricultural commodities, grain in particular, are now more readily available than in 1981-83, but resumption of large-scale borrowing is unlikely, in our view. According to press [redacted] reports, commercial bankers have regained some confidence in the region's creditworthiness and are extending more trade loans. The bankers, however, are reluctant to accept large increases in exposure and are demanding tough terms on new loans. In addition, Western governments are extending credits and credit guarantees to support sales of agricultural products (see inset). [redacted]

East Germany and Hungary appear to be taking advantage of the improved lending climate. Western banks, including some US banks, have recently shown a greater willingness to extend new loans for grain purchases to East Germany. In early March 1984, Hungary's state-owned agricultural trading company received a $135 million loan from Western banks to purchase imports needed to produce hard currency agricultural exports. Because of their generally good credit rating, Czechoslovakia and Bulgaria should be able to raise loans needed for agricultural purchases. Poland and Romania, on the other hand, are not likely to see any significant improvement in credit availability. [redacted]

Consumer Pressures

Although the political fallout from tight food supplies has been minimal, most regimes probably do not want

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Official Credits for Agricultural Purchases

Many Western governments have shown a willingness to extend official credits to Eastern Europe either for political reasons or to find markets for surplus grain:

- ***Canada*** *appears particularly anxious to expand its sales to Eastern Europe through the use of government-backed commercial credits. In September 1983, Ottawa and East Berlin signed a long-term grain agreement calling for East German purchases of 1 million tons per year in 1984-86 financed by officially guaranteed credits. Press reports indicate that Canada also has pursued talks with Romania on a two-year agreement.* 25X1
- *Although only a small supplier,* ***Austria,*** *in our view, will continue to use government-backed credits to ring up sales to Eastern Europe.*
- *Despite refusing to renew its long-term agreement with Poland,* ***France*** *is providing Warsaw with short-term government guarantees for financing grain sales.* [redacted] *the credits were promised before imposition of martial law, and Paris will maintain them as long as Poland keeps payments current. Although concerned about East Germany's creditworthiness, France reportedly will continue to extend guarantees for grain shipments.* 25X1 25X1 25X1 25X1
- ***West Germany*** *apparently has been encouraging domestic commodity traders to provide credit lines to East Germany.* [redacted] 25X1 25X1
- *US CCC credits are available to Yugoslavia and Hungary. Because of funding limits, however, CCC financing will be more limited in fiscal year 1984 than in the previous year. Hungary has been allocated only $15 million of its $76.5 million request and Yugoslavia $125 million of its original $341 million request.* [redacted] 25X1 25X1

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to risk further reductions in consumption. Two years of declining food supplies have left little room for belt tightening, making further reductions in consumption more risky. Such considerations, in our judgment, argue against a further cut in imports and could result in an increase.

The regimes do not want to reach the "trigger point" that could produce more overt consumer unrest and are likely to be very sensitive to signs of dissatisfaction. The Polish Government, for example, recently bowed to public pressure and imposed smaller food price increases than it had originally planned. Romania, on the other hand, seems intent on squeezing the consumer even harder but has, according to press reports, established special food reserves for Bucharest and coal-mining centers where labor unrest has broken out in the past. Because the other East European countries are better able to afford imports than either Poland or Romania, their leaderships are even more likely to offer some concessions to consumers in the form of improved food supplies.

Export Prospects

If Eastern Europe is to afford more imports and sustain improved trade performance, the region must revive exports of food and agricultural raw materials. The following factors will shape Eastern Europe's export prospects:

- The strength of economic recovery in the West, including that of the food deficit, oil-exporting countries of the Middle East.
- The region's success in reducing restrictive Western trade barriers, particularly those of the European Community (EC).
- The ability and willingness to divert domestic output and imports toward export.
- The ability of FTOs to be more competive in world markets.
- Pressures exerted by the USSR for more deliveries of agricultural products.

The region can probably expect some growth in exports, but booming sales seem unlikely. Developed Western economies are beginning to recover, strengthening Eastern Europe's export opportunities. In addition, prices for livestock products are expected to rise during 1984. Nonetheless, major obstacles to improved export performance remain. Increasing sales to LDCs, a large growth market of the 1970s, will be most difficult because of their own financial problems. A reduction in protectionist barriers in the developed West seems unlikely given Hungary's failure to obtain larger beef export quotas from the EC. Should Spain and Portugal gain entry to the EC, additional barriers would restrict Eastern Europe's exports of fruits and vegetables. Institutional changes in FTOs will not produce results overnight, and resistance to change and the lack of qualified personel will remain serious constraints. Growing demands from the USSR for more balanced trade may force the East Europeans to divert goods from Western markets

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Implications for Balance of Payments, Food Supplies, and US Exports

If our forecast of a widening agricultural trade deficit proves accurate, Eastern Europe will face problems maintaining, much less increasing, the hard currency trade and current account surpluses achieved in 1983. Agricultural trade made the largest contribution to the region's improved hard currency balances in 1981-83, and the capacity of other sectors to play a larger role is uncertain. Depending on the availability of credits and current account targets, the regimes may well heighten pressure on nonagricultural sectors to boost exports and to limit imports to offset an increasing deficit in agricultural trade. The import needs of these nonagricultural sectors, however, are high, and the competitiveness of their products in the West is weak. Efforts to place more of the adjustment burden on nonagricultural sectors could impede industrial modernization and growth, complicate export commitments within the Council for Mutual Economic Assistance (CEMA), and limit supplies of consumer durables.

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East European consumers cannot expect the gains in the quantity and quality of food supplies achieved in the 1970s, but a severe decline in consumption seems unlikely for most countries. Because imports will remain below the record 1980 level and pressures to

Continuing Food Supply Problems in Poland and Romania

Although food supplies improved in Poland in the last half of 1983, prospects for the coming months indicate continuing shortages and more price hikes. Rationing of meat, animal fats and butter, sugar, flour, and rice is expected to continue well into 1985. With livestock herds down sharply and feed supplies curtailed, meat output this year is expected to fall below that of 1983. Warsaw is planning to import 100,000 tons of meat in 1984—more than half of which is reportedly to be purchased from Hungary for hard currency—to maintain meat rations. Given Poland's limited amount of hard currency, imports of meat this year will probably fall short of plan, as they did in 1983.

Romania is in the worst condition among the southern countries. Bucharest has already announced that meat rations will be lowered by 15 percent and flour by 13 percent in 1984. To gain tighter control over the supply and distribution of food, the regime recently announced new measures, including provisions to expropriate land if necessary, to force private farmers to increase sales to the state. Although the new measures are unlikely to increase production, they will put a larger proportion of available supplies at the state's disposal. With exports taking precedence over domestic needs, consumer shortages are likely to increase.

export will continue, domestic supplies will be tight and further increases in food prices are likely to occur throughout the region. The shortfalls will, we expect, be most severe in Poland and Romania where many foods are already in short supply and pressures to restrict imports and boost exports are the greatest (see inset). While the rest of the region will suffer spot shortages of meat and dairy products, we believe the major food problems largely will be higher prices and reduced supplies of semiluxury foods. On the other hand, a major crop shortfall in any country—without an offsetting surge in imports—would probably cause a significant deterioration in domestic food supplies.

The reluctance of US banks to extend credits to Eastern Europe and the limited availability of CCC financing will continue to curtail US agricultural exports to the region. The value of US agricultural exports to Eastern Europe dropped from $2.3 billion in fiscal year (FY) 1980 to $827 million in FY 1983 (figure 4). We now estimate that US grain sales to Eastern Europe in marketing year (MY) 1983-84 will total only about 1.7-2.0 million tons compared with the 7-million average for MY 1976-80. As a result, the US share of the East European grain market is expected to range between 20 and 25 percent, near last year's level, but well below the 50-percent share of the late 1970s. Since CCC credit guarantees are now available only for Yugoslavia and Hungary, the bulk of US sales will be made on a limited commercial credit basis or for cash. 25X1 25X1

Although the reduced availability of US credits has given other countries the opportunity to increase agricultural sales to Eastern Europe, Canada will probably remain the only major grain exporter to use government-backed trade credits aggressively to expand its market share. Other large grain and oilseed exporters—Australia, Brazil, and Argentina—remain reluctant to jump in and fill the trade gap. France will probably continue to extend some credit on a selective basis, but Paris appears cautious about financing a major expansion of grain sales to Eastern Europe. While Austria stands ready to provide grain credits, it can be only an occasional and minor supplier of grain to the region. We expect West Germany to continue backstopping East Germany's grain requirements because of Bonn's strong interest in supporting the East German economy and improving political ties. As a net grain importer, however, West Germany is unlikely to stake out a long-term share of East Germany's grain market and would probably reduce its role if other financing becomes available. 25X1 25X1

We believe that US exporters could quickly recoup much of their lost market share if US commercial and official lenders eased their restrictions on new loans to Eastern Europe. Some East European countries have

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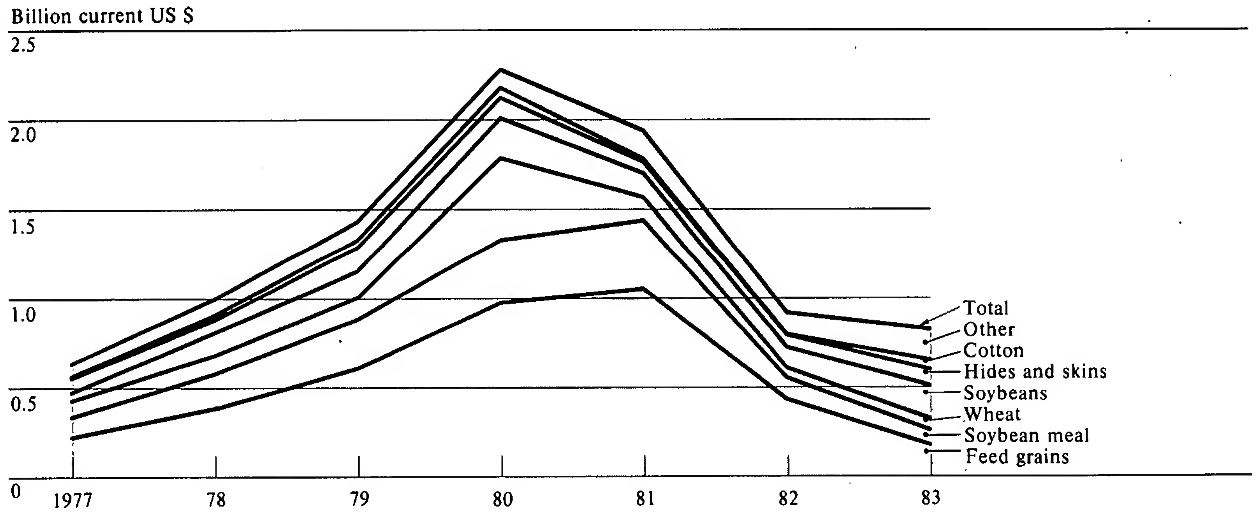
Figure 4
Eastern Europe: Imports of US Agricultural Commodities, Fiscal Years 1977 to 1983



Source: *US Foreign Agricultural Trade Statistical Reports,* Fiscal Years 1977-1983, Economic Research Service, United States Department of Agriculture.

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threatened to boycott purchases of US grain over what they term "discriminatory financing practices." Most traders, however, contend that Eastern Europe would quickly return to the US market should credit become available on favorable terms.

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Appendix A

Factors Affecting Agricultural Trade in the 1970s

Growing Demand and Shortfalls in Production

Consumers fared well in the 1970s as consumption of high-quality foods increased in all countries. Between 1970 and 1975, per capita consumption of meat in Poland, for example, rose by as much as it had in the preceding 20 years. Consumption of dairy products and eggs, sugar, and vegetables and fruits also increased, and there was a decline in the share of starchy foods—grains and potatoes—in the diet (table A-1). At the same time, consumers acquired a taste for more expensive, semiluxury foods not produced in Eastern Europe, such as tropical fruits, coffee, tea, cocoa, and spices. [redacted]

The rapid rise in consumption occurred as a result of rising consumer incomes and artificially stable retail food prices. Most regimes heavily subsidized food prices because they feared the political repercussions of forcing consumers to bear the full costs of production and imports. Consumer price subsidies often amounted to at least half the retail price and for some foods equaled the actual selling price. By the end of the decade, food subsidies amounted to roughly 40 percent of the state budget in Poland, 10 percent in Czechoslovakia and Hungary, and 5 percent in East Germany. [redacted]

Agricultural production in the first half of the 1970s nearly kept pace with the region's growing appetite. Spurred by large investments in fertilizer, machinery, improved plant varieties, and livestock breeds and generally favorable weather, agricultural output grew at an average annual rate of 3.9 percent in 1971-75 compared with 1.7 percent in 1966-70. Growth rates of both crop and livestock output more than doubled. [redacted]

Eastern Europe's plans for sustained growth in agriculture went awry after 1975. The rate of growth in output in 1976-80 fell to less than half that achieved earlier in the decade, largely because of a slowdown in investment, poor incentives, bad weather, and diminishing returns to capital and technology (table A-2). Poland was particularly hard hit as the average annual rate of growth in agricultural output plummeted from 4.1 percent in 1971-75 to 0.2 percent in 1976-80. [redacted] 25X1

A change in the composition of agricultural output added to the imbalance between requirements and production. Most of the growth in Eastern Europe's agricultural output during the 1970s occurred in the livestock sector. The growth of livestock output, without a compensating increase in crop output, severely strained the region's feed base. Increasing livestock numbers, concentration of animal production into large-scale "industrialized units," and the adoption of more modern feeding practices led to more intensive use of grain for feed. Despite a substantial increase in domestic feed output, the region's requirements for grain and high-protein feed supplements easily outpaced production (see inset). [redacted]

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The Import Surge

Faced with a growing gap between demand and domestic output, Eastern Europe turned to foreign suppliers of agricultural commodities. Between 1970 and 1980, the value of Eastern Europe's agricultural purchases—from both Western and non-Western sources—grew from \$3.4 billion to \$12.7 billion. Much of the import growth centered on feedstuffs to meet the needs of the livestock sector. Purchases of grain, oilmeal, and oilseeds doubled, accounting for more than 40 percent of the growth in Eastern Europe's agricultural imports (table A-3). The share of grain and feedstuffs in the total value of agricultural imports rose from nearly 25 percent in 1970 to approximately 36 percent in 1976-80 (figure A-1). By the late 1970s, imports accounted for nearly 12 percent of the region's total grain consumption and roughly two-thirds of all high-protein feeds, with particularly heavy reliance on foreign feedstuffs in the

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Table A-1
Eastern Europe: Trends in Per Capita Consumption of Livestock and Cereal Products

	1960	1970	1975	1980
Meat and meat products—including offal and fats (*kilograms, in meat equivalent*)				
Romania	NA	31.2	45.7	62.0
Bulgaria	32.7	43.7	60.6	64.9
Hungary [a]	47.6	58.1	68.5	71.7
East Germany [a]	55.0	66.1	77.8	89.5
Poland	49.9	61.2	78.4	82.1
Czechoslovakia [a]	56.8	71.9	81.1	85.6
Yugoslavia	29.8	35.6	48.3	54.0
Milk and dairy products—including butter (*kilograms, in fresh milk equivalent*)				
Romania [b]	NA	111	133	180
Bulgaria	126	161	198	234
Hungary [b]	114	110	127	166
East Germany	101	106	108	NA
Poland	363	413	432	451
Czechoslovakia [b]	173	196	210	233
Yugoslavia	80	79	93	111
Eggs (*pieces*)				
Romania	NA	142	214	270
Bulgaria	84	122	146	204
Hungary	160	247	274	317
East Germany	197	239	269	189
Poland	143	186	209	223
Czechoslovakia	179	277	297	316
Yugoslavia	66	141	166	190
Grain products (*kilograms, in flour equivalent*)				
Romania	NA	173	167	NA
Bulgaria	190	174	162	160
Hungary	136	128	122	115
East Germany	102	97	95	95
Poland	145	131	120	127
Czechoslovakia	126	113	108	107
Yugoslavia	186	184	183	179

[a] Excludes fat.
[b] Excludes butter.

Sources: CEMA Statistical Yearbook 1982; for Romania, *Scinteia*, 13 June 1978, and *Era Socialista*, 5 May 1981; for Yugoslavia, *Statistical Pocket Book, 1982.*

Table A-2 *Percent*
Eastern Europe: Average Annual Rate of Growth in the Value of Agricultural Output

	1966-70	1971-75	1976-80
Agricultural output	1.7	3.9	1.6
Crops	1.0	2.1	0.6
Animal	2.1	4.8	2.2

Source: CIA estimates.

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northern countries.[4] Roughly 25 percent of the grain consumed in these countries came from abroad, and 20 to 30 percent of their meat production depended upon imported feedstuffs. Semiluxury commodities were the second major growth area in agricultural imports, and their volume rose by more than 65 percent between 1970 and 1980. 25X1

The import surge burdened Eastern Europe's hard currency accounts because only exporters in the developed West and Third World could meet the region's rising needs for feedstuffs and semiluxury goods. The West displaced the USSR as the major agricultural supplier to Eastern Europe, supplying nearly three-fourths of the increase in Eastern Europe's agricultural imports during the 1970s. By 1980, the developed countries and the LDCs were meeting roughly two-thirds of the region's import requirements compared with about one-half in 1970. Beset by growing domestic requirements and production problems of its own, the Soviet Union's share in East European imports fell from about 30 percent in 1970 to just under one-tenth in 1980. 25X1

Abundant Financing

Easy access to Western private and government-backed credits fueled the boom in hard currency agricultural imports. Eastern Europe's decision to

[4] The northern countries are Poland, Czechoslovakia, and East Germany. The southern countries are Romania, Bulgaria, Hungary, and Yugoslavia. The two groups are discussed separately because they differ in climatic conditions, natural resources, agricultural development, and degree of self-sufficiency in agricultural output. 25X1

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Feedstuffs—A Special Case

The rise in Eastern Europe's grain consumption and imports during the 1970s resulted from expansion of livestock output. Livestock numbers increased by more than 20 percent between 1970 and 1980 with inventories of hogs and poultry—large consumers of grain—rising by more than 50 percent. Grain consumed as feed increased at an average annual rate of 4.3 percent between 1970 and 1980 while domestic production rose by only 1.9 percent annually. By the late 1970s grain utilized for livestock feed averaged about 70 million tons annually, or roughly two-thirds of the region's total grain consumption.

The growing gap between feed supplies and requirements boosted the region's grain imports from 8.2 million tons in 1970 to a record 18.7 million tons in 1980. Because of increased feed requirements, imports of coarse grains—corn, barley, oats, and sorghum—accounted for almost 82 percent of the increase. By 1978 corn had displaced wheat as the leading grain import.

Dependence on grain imports varied significantly by region and country. The northern countries normally accounted for all of the region's net grain imports while the southern countries, with the exception of Yugoslavia, were traditionally net exporters. Poland was the largest importer of grain and after 1975 received roughly one-half of the region's net imports—much of the growth serving Warsaw's meat exports. East Germany and Czechoslovakia were the second- and third-largest importers. By the late 1970s imports accounted for roughly 25 percent of total grain consumption in the northern countries (see table B-1).

To satisfy its requirements, Eastern Europe had to turn toward the developed West. The United States and the European Community increased their East European grain market shares largely at the expense of the USSR and Argentina (see table B-2). The USSR, which until 1976 supplied more than half of the region's wheat imports, has been only a sporadic supplier in recent years because of its own harvest problems. Argentina figured prominently in the region's wheat imports only in 1977 when it supplied nearly 20 percent of requirements.

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The United States has been Eastern Europe's major supplier of feed grains since the mid-1970s and the only significant supplier of corn, which accounts for more than 60 percent of the region's coarse grain imports. By 1980 the US share of Eastern Europe's coarse grain imports had reached 70 percent.

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The increase in grain imports has been accompanied by a steady rise in imports of oilseeds and oilseed meal. Between 1970 and 1980 the volume of these imports rose 225 percent. As with grains, Poland was the primary importer of oilmeal followed by East Germany and Czechoslovakia. Brazil and the United States supplied roughly 70 percent of the region's oilmeal imports. Secondary suppliers included the EC and India. Soybean meal, largely derived from US soybeans, constituted the bulk of EC exports. In the case of India, peanut meal was the major oilmeal export.

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upgrade food production and consumption coincided with the onset of detente when Western governments, farmers, commodity traders, and bankers were anxious to boost sales through generous credit extensions. As the 1970s progressed, most East European countries directed an increasing share of trade credits to the purchase of agricultural commodities, particularly grain and feedstuffs. Poland, for example, reported that 15 percent of its trade credits in 1976 were utilized for grain and fodder imports; by 1980, the share had risen to more than 20 percent.

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Major grain-exporting countries worked hard to develop markets in Eastern Europe, often offering subsidized financing. Both France and Canada extended

Table A-3
Eastern Europe: Imports of Grain and Feedstuffs [a]

Thousand tons

	1970	1975	1976	1977	1978	1979	1980	1981	1982
Grains	8,232	10,662	16,819	12,245	14,384	18,351	18,748	15,510	9,747
Wheat	4,611	3,673	6,635	5,257	3,619	6,072	6,488	6,078	5,520
Corn	758	3,580	6,289	3,393	4,878	6,774	8,864	6,882	3,317
Barley	2,276	2,298	1,875	2,194	3,557	3,473	2,044	1,549	601
Oilseed meal and cake	1,949	3,620	3,923	3,902	3,965	4,133	4,394	4,897	4,368
Oilseeds	474	444	561	451	920	1,144	1,072	681	570

[a] Includes intra–East European trade.

Sources: Statistical yearbooks of the various countries; CEMA Statistical Yearbook, 1982; and FAO trade tapes, 1981.

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credits for grain purchases under long-term agreements with Poland. US Commodity Credit Corporation export financing greatly facilitated US agricultural sales. Between fiscal years 1970 and 1982, US agricultural exports to Eastern Europe financed under CCC sales programs totaled more than $3 billion with more than $2.5 billion in credits going to Poland (figure A-2).

Poor Export Performance

The sharp decline in export performance with the West during the latter 1970s dealt a severe blow to the region's effort to control hard currency deficits. The failure to boost sales of agriculture goods to hard currency markets was particularly troublesome because, relative to industrial goods, Eastern Europe's food exports traditionally had been well received in Western Europe. Poor export performance can be attributed to several factors:

- A trend toward stable world prices for many agricultural goods.
- Slower growth of supplies available for export because of declining growth rates of output and rising rates of domestic consumption.
- Protectionist restrictions applied by the European Community.
- The inability of foreign trade organizations to react quickly to changing world market conditions.
- Pressures to increase deliveries to the USSR.

These factors affected all of Eastern Europe's major agricultural exports—fruits and vegetables, wines, tobacco, and grains—but they hit particularly hard at livestock products, the dominant hard currency agricultural export. After rising rapidly in the early 1970s, export prices for meat and slaughter animals stagnated in the second half of the decade because of waning demand in the West and a glut on world markets. Eastern Europe suffered a terms-of-trade loss because prices of the region's imports, particularly feedstuffs, generally rose throughout the decade (table A-4).

Export supplies of livestock items were squeezed—most notably in Poland—by the slowdown in the growth of livestock output and by increased domestic consumption. In Poland exports of canned meat fell from roughly 42 percent of total production in 1970 to 18 percent in 1980. A noticeable exception to this trend was Hungary, which translated increased agricultural imports and investment into export growth. Hungarian food exports increased approximately three times faster than agricultural output, and for several commodities—poultry, live cattle, and sheep—exports equaled almost half of total production.

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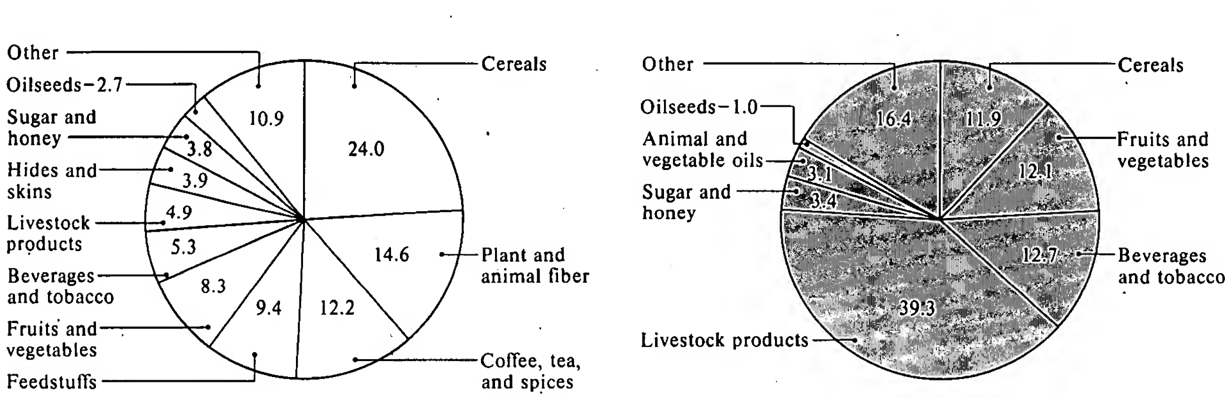
Figure A-1
Eastern Europe: Commodity Shares of Total Agricultural Imports and Exports, 1976-80 Average[a]

Percent



[a] Includes intra-East European trade.

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Figure A-2
Poland's Dependence on US Official Credits To Finance Purchases of Agricultural Commodities, Fiscal Years 1970 to 1981

Million US $

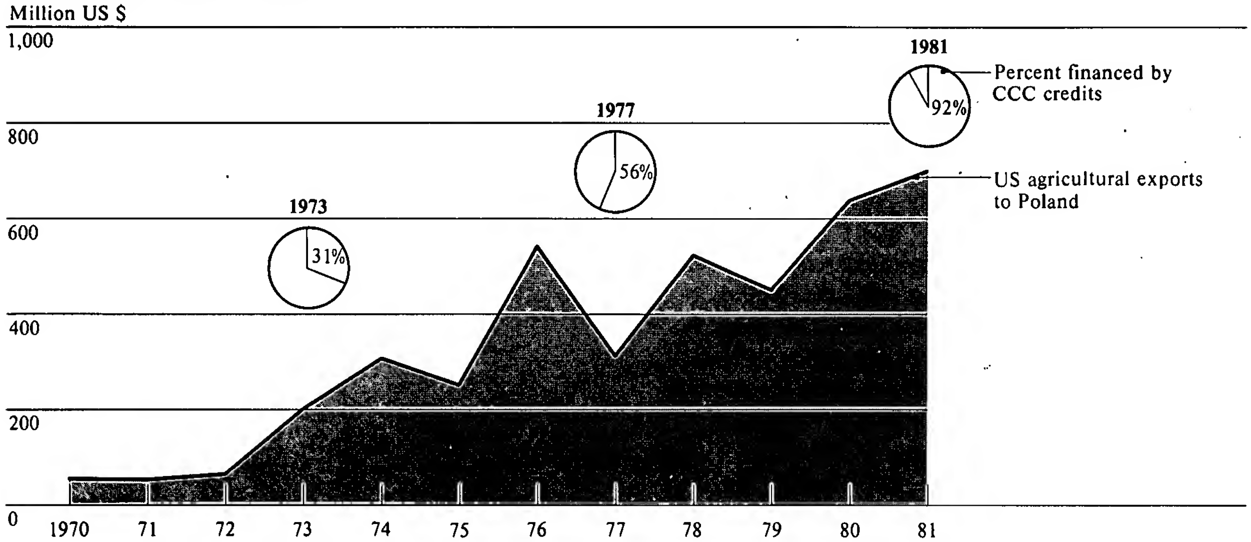

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Table A-4
Eastern Europe: Export and Import Price Indexes for Selected Agricultural Products

Index:1970=100

	1970	1973	1975	1977	1980
Imports					
Grain	100	143	220	191	254
Oilmeal and cake	100	231	180	250	252
Oilseeds	100	155	239	228	227
Coffee, tea, cocoa, and spices	100	123	162	419	372
Citrus fruits	100	128	153	177	278
Exports					
Live animals	100	186	143	165	187
Meat and meat preparations	100	163	141	171	208
Dairy products and eggs	100	141	188	236	325
Fruits and vegetables	100	161	217	235	325

Source: Calculated from FAO trade tapes, 1981 edition. Unweighted average.

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The region's exports were dealt a severe blow in 1974 when the EC imposed tight restrictions on imports of beef and slaughter cattle. As a result, Hungary's exports of live cattle and beef fell from approximately 36 percent of its agricultural sales to the developed West in 1973 to some 7 percent of sales in 1975. The same restrictions also curtailed Polish and Romanian exports. The EC's trade barriers continued to hamper East European efforts to increase sales of meat and other commodities through the rest of the decade. 25X1

Eastern Europe's increased food exports to the Soviet Union in the late 1970s presumably contributed to declines in the growth rate of sales to the West. Poor harvests in the USSR and the rising costs of Soviet energy deliveries found Moscow putting greater pressure on the East Europeans to step up deliveries. We cannot, however, readily measure the extent to which the increased exports to the USSR came at the expense of sales to the West or, more important, at the expense of hard currency earnings. To some extent, the USSR served as an outlet for East European production that could not be sold in the West because of weak demand and trade restrictions. Quality control, sanitary inspection, and refrigerated transport requirements hampered Eastern Europe in marketing many agricultural goods, livestock products in particular, in the West. Very few of these restrictions applied to goods exported to the USSR. Moreover, the East Europeans received hard currency or hard goods from the Soviets for some of their food shipments. Moscow, for example, agreed to buy Hungarian beef and slaughter cattle for hard currency after Budapest was shut out of the EC market in 1974. In all likelihood, the Hungarians bartered agricultural goods for above-plan deliveries of Soviet oil and raw materials as well. Romania also paid for purchases of Soviet oil through agricultural exports to the USSR. 25X1

Appendix B

The Regional Pattern of Eastern Europe's Agricultural Trade

Trade With the Developed West

Agricultural trade between Eastern Europe and the developed West assumes very different degrees of importance for the two regions. The developed West has supplied nearly half of Eastern Europe's agricultural imports and has absorbed roughly 35 percent of its exports since the mid-1970s. Eastern Europe, on the other hand, supplies only 2 to 3 percent of the developed West's agricultural imports and is a market for only 3 percent of its exports.

Western Europe

Western Europe is Eastern Europe's most important trading partner in the developed West. In 1980 Western Europe accounted for slightly more than one-half of the developed West's agricultural sales to Eastern Europe while taking 85 percent of East European exports to the developed West (tables B-1, B-2, B-3). Western Europe's importance as a supplier to Eastern Europe has declined, however, since the early 1970s. Increased imports of grain and feedstuffs nearly doubled the combined market share of the United States and Canada over the past decade while Western Europe's share fell by roughly one-third.

The EC's protectionist measures on agricultural imports have been very troublesome to Eastern Europe because of the region's heavy reliance on the West European market. In 1974, for example, the EC imposed discriminatory restrictions on imports of beef and cattle. As a result, Hungarian exports of these goods fell from roughly $175 million in 1973 to $29 million in 1975. Similarly, Yugoslavia's meat exports to Greece were reduced by about $80 million in 1981, and Hungary lost $40 million in sales as a result of tariff and quota restrictions applied when Athens joined the EC. Quotas for wine, tobacco, fruits, and berries have also restricted East European access to the EC markets.

The United States

Agricultural commodities dominate US trade with Eastern Europe, accounting for approximately two-thirds of all US exports to the region and about one-fourth of US imports (table B-4). As a share of total exports to individual countries, agricultural commodities have constituted more than 90 percent of US sales to East Germany but only 25 to 40 percent of exports to Yugoslavia and Hungary. In value terms Poland traditionally has been the largest customer of US exports, taking about one-third of all US agricultural exports to Eastern Europe from 1977 to 1981. 25X1

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Eastern Europe's share in total US agricultural exports has averaged about 5 percent. US sales to the region rose steeply from approximately $600 million in 1977 to a record $2.0 billion in 1980 before dropping sharply in 1981-82. Grains, soybeans and soybean meal, cattle hides, and cotton account for nearly all US agricultural exports. US agricultural imports from Eastern Europe—roughly $280 million in 1981—are comprised largely of processed meats, vegetable products, and tobacco. Poland, Yugoslavia, and Hungary supply nearly all East European agricultural goods to the United States. 25X1 25X1

Favorable financing from the US Commodity Credit Corporation has greatly facilitated US exports to Eastern Europe. Since the mid-1950s, US agricultural sales to the region financed under CCC programs have totaled more than $4.5 billion, with more than half that occurring between fiscal years 1977 and 1982. In FY 1981, CCC credits financed a record $693 million in sales to Eastern Europe, about 40 percent of all US exports to the region. Poland has received the lion's share of CCC financing, roughly $2.6 billion in direct credits and credit guarantees between FY 1970 and FY 1982 or more than 80 percent of all CCC-financed sales to Eastern Europe. 25X1

Table B-1
Eastern Europe's Agricultural Trade With the Developed West [a]

Percent

	Eastern Europe's Imports			Eastern Europe's Exports		
	1970	1975	1980	1970	1975	1980
Total [b]	100.0	100.0	100.0	100.0	100.0	100.0
United States	23.8	35.5	42.2	8.2	11.2	12.1
Canada	2.8	9.6	6.4	0.4	0.6	0.4
Australia	0.2	0.5	0.1	0.2	0.2	0.4
Japan	0	1.4	0.2	1.3	2.0	2.3
Western Europe	73.2	52.8	51.1	89.9	86.0	84.9
EC Nine	52.4	31.3	37.1	72.5	64.8	61.9
Netherlands	5.6	4.2	3.3	2.7	2.2	2.6
Belgium/Luxembourg	1.7	0.6	0.5	1.9	2.8	2.4
France	8.6	5.3	11.1	6.6	9.8	7.5
Germany	21.0	8.7	9.6	22.2	22.4	24.7
Italy	7.1	5.9	2.8	25.0	21.4	20.7
Denmark	5.1	4.0	3.0	0.8	0.8	0.8
United Kingdom	2.8	2.6	5.8	13.0	5.3	3.2
Ireland	0.5	NEGL	1.0	0.3	0.1	NEGL
Other Western Europe	20.8	21.6	14.0	17.4	21.2	23.0
Austria	2.1	2.4	2.2	5.6	6.8	7.4
Finland	0.7	NEGL	0.1	0.7	0.8	1.0
Sweden	1.3	3.6	1.2	2.7	2.3	2.8
Spain	5.1	3.0	2.6	0.9	4.9	0.6
Norway	3.0	2.0	0.7	0.7	0.5	0.4
Switzerland	0.9	3.5	1.0	4.7	4.1	4.0
Greece	7.7	7.1	6.2	2.1	1.8	6.8

[a] OECD 19. Agricultural trade is based on the United Nations' Standard International Trade Classification (SITC): 0—food and live animals; 1—beverages and tobacco; and 4—animal and vegetable oils and fats.
[b] Because of rounding, totals may not add.

[redacted] 25X1

Romania, Yugoslavia, and Hungary received $260 million, $233 million, and $17 million between FY 1970 and FY 1982. East Germany, Czechoslovakia, and Bulgaria have not been eligible for the program because of failure to comply with human rights provisions of the 1974 Trade Act. Poland's eligibility was revoked in 1982 as a result of that country's imposition of martial law. [redacted] 25X1

Trade With Developing Countries

Prior to the 1970s, East European agricultural trade with the Third World centered almost exclusively on deliveries from the developing countries. The East Europeans typically sold machinery and equipment on medium- and long-term credits and received payment

Table B-2
Eastern Europe's Agricultural Imports From the Developed West, 1976-80 Annual Average [a]

Percent

	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Romania	Yugoslavia
Total [b]	100.0	100.0	100.0	100.0	100.0	100.0	100.0
United States	42.7	40.6	47.7	15.8	40.8	47.7	35.5
Canada	3.2	0.8	5.5	0.9	13.9	3.6	2.5
Australia	0.5	0.0	0.4	0.0	0.9	3.2	2.6
Japan	0.0	0.2	0.7	0.0	0.0	0.0	0.0
Western Europe	53.5	58.3	45.7	83.3	44.3	45.5	59.6
EC Nine	33.4	32.6	23.6	53.4	31.6	34.3	37.2
Netherlands	1.9	1.9	4.8	9.3	2.3	4.2	6.2
Belgium/Luxembourg	1.9	0.4	0.5	0.4	0.5	2.8	0.4
France	8.4	2.6	4.5	4.6	11.7	7.5	3.5
West Germany	9.6	15.9		20.4	6.8	12.6	13.4
Italy	3.0	7.0	2.5	12.1	1.6	2.1	8.8
Denmark	1.1	3.5	7.0	5.4	2.2	0.9	1.6
United Kingdom	7.0	1.0	4.0	0.9	6.4	2.4	2.3
Ireland	0.5	0.3	0.3	0.3	0.1	1.8	1.0
Other Western Europe	20.1	25.7	22.1	29.9	12.7	11.2	22.4
Austria	1.2	1.5	1.0	7.0	2.5	2.8	2.2
Finland	0.3	0.5	0.8	1.1	0.2	0.0	0.0
Sweden	0.0	0.9	5.7	1.8	3.8	0.1	0.3
Spain	3.5	7.7	3.3	4.7	1.1	0.7	3.5
Norway	0.0	3.8	2.3	1.7	0.8	0.2	2.6
Switzerland	3.5	1.0	0.8	1.5	0.2	0.6	8.3
Greece	11.6	10.3	8.2	12.1	4.1	6.8	5.5

[a] OECD 19, SITC categories 0, 1, and 4.
[b] Because of rounding, totals may not add.

25X1

in kind in the form of agricultural raw materials and foodstuffs. In the 1970s the LDCs became a more important market for East European agricultural goods. The LDC share of East European agricultural sales stood at approximately 10 percent in 1980, roughly double that of 1970. The growth reflected, in particular, increased exports to the oil-producing countries of the Middle East. These countries developed a strong demand for high-valued livestock products—red meat, slaughter animals, poultry meat, and eggs and dairy products. More than half of Hungary's exports of slaughter cattle, for example, are directed to North African and Arab countries. The Middle East is also a major market for Romanian and Bulgarian exports of meat and live animals for slaughter, especially sheep and lambs. 25X1

Despite growth in exports over the last decade, Eastern Europe continues to run large deficits in agricultural trade with the LDCs. Imports of many tropical commodities—such as coffee, cocoa beans, and citrus fruits—as well as oilmeal and grain rose rapidly

Table B-3
Eastern Europe's Agricultural Exports to the Developed West, 1976-80 Annual Average [a]

Percent

	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Romania	Yugoslavia
Total [b]	100.0	100.0	100.0	100.0	100.0	100.0	100.0
United States	10.9	3.6	0.2	5.2	22.3	10.0	16.5
Canada	0.5	0.0	0.0	0.6	0.6	0.5	0.3
Australia	1.0	0.1	0.0	0.2	0.1	0.6	0.4
Japan	4.7	13.1	3.7	0.5	1.2	1.2	1.0
Western Europe	83.0	83.4	96.1	93.6	75.8	87.9	81.8
EC Nine	54.7	58.0	75.6	66.7	63.7	61.0	58.1
Netherlands	2.7	3.7	2.5	3.2	2.3	4.3	1.3
Belgium/Luxembourg	1.4	5.1	17.8	1.5	2.4	0.5	0.9
France	10.4	3.6	40.1	6.3	9.9	9.0	4.7
West Germany	23.6	36.5		26.3	24.6	26.4	19.5
Italy	13.1	6.4	11.9	26.4	15.8	17.5	29.4
Denmark	1.1	0.4	2.7	0.6	1.9	0.1	0.2
United Kingdom	2.4	2.3	0.6	2.4	6.8	3.2	2.1
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Western Europe	28.3	25.4	20.5	26.9	12.1	26.9	23.7
Austria	10.2	12.3	10.8	10.3	2.9	8.9	4.2
Finland	2.3	0.0	0.4	1.2	0.7	0.8	0.2
Sweden	2.7	2.0	1.6	2.5	3.2	3.8	1.0
Spain	0.9	1.3	6.3	1.1	0.8	4.8	0.3
Norway	0.4	1.3	0.0	0.2	0.6	0.8	0.2
Switzerland	3.5	6.5	1.0	7.9	1.9	4.5	2.3
Greece	8.3	2.0	0.4	3.7	2.0	3.3	15.5

[a] OECD 19, SITC categories 0, 1, and 4.
[b] Because of rounding, totals may not add.

during the 1970s as the regimes tried to improve the assortment of foods available to consumers. The LDC share of Eastern Europe's total agricultural imports rose from 16 percent to roughly 21 percent between 1970 and 1980.

Most LDCs favor increasing agricultural trade with Eastern Europe. Until very recently, Eastern Europe has been a growing and relatively stable market for many of their basic exports. This contrasts sharply with the many tariff and quantitative restrictions faced by the Third World in exporting commodities to Western markets. Many LDCs, particularly those of Latin America, have concluded with East European long-term bilateral trade arrangements that include agricultural commodities.

Trade With Socialist Countries

USSR

The USSR increased in importance as a market for Eastern Europe's foodstuffs during the 1970s while its role as a supplier diminished. Exports to the USSR more than quadrupled between 1970 and 1980, increasing the Soviet share of the region's exports from

Table B-4 *Percent*
Agricultural Commodities, Share of Total US Exports to Eastern Europe, 1976-81 [a]

	1976	1977	1978	1979	1980	1981
Eastern Europe	**71.3**	**57.3**	**57.8**	**69.8**	**69.4**	**66.5**
Bulgaria	73.0	11.2	83.0	72.6	80.6	79.1
Czechoslovakia	90.2	82.8	75.4	92.1	87.0	75.1
East Germany	98.4	98.1	92.6	95.1	95.5	96.7
Hungary	35.5	51.4	53.9	34.0	37.7	16.6
Poland	77.6	67.5	74.8	82.6	81.4	87.2
Romania	68.6	45.5	47.4	67.8	65.4	75.3
Yugoslavia	13.3	19.9	23.4	40.7	38.0	22.6

[a] Including estimated transshipments through Belgium, Canada, East Germany, and the Netherlands.

Source: *Eastern Europe: Review of Agriculture in 1981 and Outlook for 1982,* Economic Research Service, United States Department of Agriculture, Supplement 3 to WAS-27.

26 percent to roughly 33 percent. By contrast, the value of imports from the USSR increased only marginally during the 1970s. The Soviet Union supplied about one-fourth of Eastern Europe's agricultural imports in 1970, but only 9 percent in 1980. (U)

The increase in exports to the USSR and stagnation in imports largely reflects poor Soviet harvests and Moscow's own attempts to improve food supplies. As a result of the differing trends, Eastern Europe's agricultural trade balance with the USSR shifted from a $208 million deficit in 1970 to a $1.8 billion surplus in 1980.

Livestock products dominate Eastern Europe's agricultural trade with the Soviet Union. Collectively, the region provides roughly 40 percent of total Soviet meat imports and approximately 65 percent of total Soviet egg and egg product imports. Fruits and vegetables, wine, grain, and tobacco products are other important agricultural exports to the USSR. Bulgaria, Hungary, and Romania account for roughly 90 percent of the region's deliveries to the USSR. In the last half of the 1970s, Bulgaria directed about 55 percent of its agricultural exports to the USSR, Hungary about 30 percent, and Romania roughly 20 percent. 25X1

Intra-East European Trade

In contrast to the changing pattern of trade with the USSR, trade among the East European countries in agricultural commodities has remained relatively stable. Intra-East European trade averages roughly 15 to 20 percent of the region's total agricultural trade turnover. Grain, fruits and vegetables, and meat are among the commodities most frequently traded within the region. Hungary is the leading exporter, followed by Bulgaria and Romania. East Germany and Czechoslovakia are net importers of food and raw materials within the region. In 1980 each was dependent on the region for roughly 20 percent of its total imports. In 1978 Poland became a net importer of agricultural products within the region for the first time since the mid-1960s; imports from other East European countries accounted for about 7 percent of total Polish imports. 25X1

Intra-CEMA Hard Currency Trade

An unusually large portion of agricultural trade within CEMA, particularly trade with the Soviets, involves hard currency payments or barters of hard goods (commodities salable on Western markets) at prevailing world market prices.[5] Under fixed agreements, Hungary, for example, exchanges 50,000 tons of slaughter cattle annually for Soviet crude oil and about 10,000 tons of pork for Polish coal. In the last half of the 1970s, roughly two-thirds of Hungary's agricultural exports to the USSR—meat in particular—are estimated to have been conducted on a dollar basis. Romania also has bartered agricultural goods for Soviet oil. 25X1

[5] Most CEMA trade consists of soft currency barter arrangements. 25X1

Appendix C

Statistical Survey of Eastern Europe's Agricultural Trade

Table C-1
Eastern Europe: Dependence Upon Grain Imports, 1971-75, 1976-80

Thousand metric tons
(except where noted)

	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Romania	Yugoslavia	Eastern Europe
1971-75 average								
Grain production	7,266	9,349	8,679	11,256	20,933	14,757	14,476	86,717
Net grain imports	−105	1,414	2,748	−608	3,531	−72	380	7,288
Total grain consumption [a]	6,983	10,347	10,936	9,744	24,740	14,684	14,653	92,001
Imports as a percent of consumption	NA	13.7	25.1	NA	14.3	NA	2.6	7.9
1976-80 average								
Grain production	7,783	10,063	9,038	12,510	19,496	19,166	15,556	93,696
Net grain imports	143	1,607	3,123	−726	7,034	71	535	11,727
Total grain consumption [a]	7,937	11,352	12,019	11,406	26,424	19,237	16,006	104,380
Imports as a percent of consumption	1.8	14.2	26.0	NA	26.6	0.4	3.3	11.2

[a] Includes grain for feed, seed, food, and industrial use plus dockage waste.

Source: Reference table of the Grain and Feed Division, Foreign Agricultural Service, USDA.

25X1

Table C-2
Eastern Europe: Average Share of Grain, Soybean, and Oilseed Meal Imports, by Source [a]

Percent

	Grain		Soybeans		Oilseed Meal	
	1971-75	1976-80	1971-75	1976-80	1971-75	1976-80
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
United States	27.2	43.8	77.4	79.9	25.2	33.8 [b]
USSR	38.1	3.9				
Canada	4.3	9.0				
Eastern Europe	7.7	6.7	NEGL	3.5		
European Community	12.0	12.6			24.9	8.5
India					18.2	12.2
Other Western Europe [c]	5.3	5.9				
Argentina	NEGL	NEGL	NEGL	3.9	2.1	1.8
Brazil			NEGL	NEGL	14.9	35.9
Unidentified	5.4	18.1	22.6	12.7	14.7	7.8

[a] Excludes Yugoslavia.
[b] Soybean meal.
[c] Austria, Denmark (1971-72); Greece, Spain, Sweden, Switzerland, United Kingdom (1971-72).

Source: *Eastern Europe: Agricultural Production and Trade Prospects Through 1990,* Cook, Cummings, and Vankai, Economic Research Service, Foreign Agricultural Economic Report Number 195.

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Table C-3
Eastern Europe: Trade in Agricultural Commodities and Foodstuffs [a]

Billion US $

	1970	1975	1976	1977	1978	1979	1980	1981	1982	Preliminary 1983
Total agricultural trade [b]										
Imports	3.419	7.039	8.386	9.011	9.375	11.154	12.675	12.511	10.033	NA
Exports	2.814	6.021	6.682	7.000	7.690	8.431	9.680	9.411	9.583	NA
Balance	−0.605	−1.018	−1.704	−2.011	−1.685	−2.723	−2.995	−3.100	−0.450	NA
Trade with the West										
Imports	1.815	4.253	5.552	5.777	6.117	7.620	8.848	8.734	5.805	5.500
Exports	1.571	3.115	3.443	3.501	4.053	4.199	4.603	3.887	3.644	3.700
Balance	−0.244	−1.138	−2.109	−2.276	−2.064	−3.421	−4.245	−4.847	−2.161	−1.800

[a] Includes Yugoslavia.
[b] Includes intra-East European Trade.

25X1

Table C-4
Eastern Europe: Agricultural Trade

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [a]	Other CPEs [b]	Total	Developed [c]	LDCs [d]
1970								
Imports	3,063	1,557	858	446	253	1,506	1,011	495
Exports	2,477	1,166	650	454	62	1,311	1,198	113
Balance	−586	−391	−208	8	−191	−195	187	−382
1975								
Imports	6,284	2,623	1,145	929	549	3,661	2,366	1,296
Exports	5,535	2,789	1,779	883	128	2,746	2,300	446
Balance	−749	166	634	−46	−421	−915	−66	−850
1976								
Imports	7,438	2,449	674	1,240	535	4,988	3,417	1,572
Exports	6,028	3,104	1,629	1,231	245	2,923	2,382	541
Balance	−1,410	655	955	−9	−290	−2,065	−1,035	−1,031
1977								
Imports	7,882	2,962	1,071	1,288	603	4,919	2,897	2,022
Exports	6,418	3,362	1,878	1,296	188	3,055	2,310	745
Balance	−1,464	400	807	8	−415	−1,864	−587	−1,277
1978								
Imports	8,312	3,001	822	1,390	790	5,311	3,420	1,891
Exports	6,975	3,474	1,950	1,315	209	3,501	2,743	758
Balance	−1,337	473	1,128	−75	−581	−1,810	−677	−1,133
1979								
Imports	9,607	3,302	1,019	1,369	914	6,305	4,226	2,079
Exports	7,591	4,060	2,409	1,459	192	3,531	2,767	764
Balance	−2,017	758	1,390	90	−722	−2,774	−1,458	−1,317
1980								
Imports	10,931	3,507	946	1,542	1,019	7,424	5,177	2,247
Exports	8,531	4,658	2,774	1,524	359	3,873	3,006	867
Balance	−2,400	1,150	1,828	−18	−661	−3,551	−2,171	−1,380
1981								
Imports	11,067	3,502	1,000	1,426	1,076	7,564	5,160	2,404
Exports	8,230	5,029	2,963	1,688	378	3,201	2,529	672
Balance	−2,836	1,527	1,963	262	−698	−4,363	−2,631	−1,732
1982								
Imports	8,782	3,965	1,042	1,570	1,353	4,817	3,255	1,562
Exports	8,356	5,371	3,136	1,898	336	2,985	2,365	620
Balance	−426	1,406	2,094	328	−1,017	−1,832	−890	−942

[a] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, and Romania. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

25X1

Table C-5
Poland: Agricultural Trade

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [a]	Other CPEs [b]	Total	Developed [c]	LDCs [d]
1970								
Imports	534	243	182	40	21	291	201	90
Exports	485	95	17	74	04	390	353	37
Balance	−49	−148	−165	34	−17	99	152	−53
1975								
Imports	1,540	507	345	92	70	1,033	792	241
Exports	983	320	164	146	10	664	581	83
Balance	−557	−187	−181	54	−60	−369	−211	−158
1976								
Imports	1,860	360	210	108	42	1,500	1,245	255
Exports	1,055	256	59	175	22	799	670	129
Balance	−805	−104	−151	67	−20	−701	−575	−126
1977								
Imports	2,008	536	341	144	51	1,472	1,098	374
Exports	1,095	258	64	173	21	827	715	110
Balance	−913	−278	−277	29	−30	−647	−383	−264
1978								
Imports	2,272	575	248	225	102	1,697	1,321	376
Exports	1,209	294	159	113	22	915	793	122
Balance	−1,063	−281	−89	−112	−80	−782	−528	−254
1979								
Imports	2,505	555	303	144	108	1,950	1,420	530
Exports	1,338	355	201	131	23	983	858	125
Balance	−1,167	200	−102	−13	−85	−967	−562	−405
1980								
Imports	3,070	663	317	233	113	2,407	1,816	591
Exports	1,217	261	120	123	18	956	864	92
Balance	−1,853	−402	−197	−110	−95	−1,451	−952	−499
1981								
Imports	3,183	677	381	193	103	2,506	1,930	576
Exports	753	148	49	91	8	605	571	34
Balance	−2,430	−529	−332	−102	−95	−1,901	−1,359	−542
1982								
Imports	2,318	1,032	413	261	358	1,286	1,000	286
Exports	873	284	140	117	27	589	553	36
Balance	−1,445	−748	−273	−144	331	−697	−447	−250

[a] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, and Romania. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

Table C-6
East Germany: Agricultural Trade

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [a]	Other CPEs [b]	Total	Developed [c]	LDCs [d]
1970								
Imports	1,039	574	302	199	73	465	359	106
Exports	223	28	2	20	6	195	193	2
Balance	−816	−546	−300	−179	−67	− 270	−166	−104
1975								
Imports	1,670	818	316	357	145	852	616	236
Exports	554	102	25	64	13	452	440	12
Balance	−1,116	−716	−291	−294	−133	−400	−176	−223
1976								
Imports	2,094	792	157	502	133	1,302	1,006	296
Exports	707	71	28	26	17	636	619	17
Balance	−1,387	−721	−129	−476	−116	−666	−387	−278
1977								
Imports	2,063	1,003	275	549	179	1,060	712	348
Exports	439	63	16	37	10	376	366	10
Balance	−1,624	−968	−237	−512	−169	−686	−346	−338
1978								
Imports	2,024	923	161	561	202	1,099	880	219
Exports	593	96	17	64	15	496	482	14
Balance	−1,434	−828	−144	−497	−187	603	−398	−205
1979								
Imports	2,353	1,057	253	572	232	1,296	1,071	226
Exports	421	89	16	63	10	332	323	9
Balance	−1,932	−968	−237	−509	−222	−964	−748	−217
1980								
Imports	2,552	1,013	181	562	270	1,539	1,319	221
Exports	497	110	18	81	12	387	376	11
Balance	−205	−903	−163	−481	−258	−1,152	−943	−210
1981								
Imports	2,405	964	155	549	260	1,441	1,133	308
Exports	494	112	15	86	11	382	371	11
Balance	−1,911	−852	−140	−463	−249	−1,059	−762	−297
1982								
Imports	2,185	966	167	549	250	1,219	892	327
Exports	479	105	15	79	11	374	362	12
Balance	−1,706	−861	−152	−470	−239	−845	−530	−315

[a] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, and Romania. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

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Table C-7
Czechoslovakia: Agricultural Trade

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [a]	Other CPEs [b]	Total	Developed [c]	LDCs [d]
1970								
Imports	766	445	223	141	81	321	193	138
Exports	152	46	17	22	7	106	93	13
Balance	−614	−399	−206	−119	−74	−215	−100	−115
1975								
Imports	1,234	611	235	266	110	623	324	299
Exports	361	101	38	54	9	260	225	35
Balance	−873	−610	−197	−212	−101	−363	−99	−264
1976								
Imports	1,431	649	137	401	111	782	460	322
Exports	328	168	57	103	8	160	137	23
Balance	−1,103	−481	−80	−298	−103	−622	−323	−299
1977								
Imports	1,649	739	211	422	106	910	430	480
Exports	345	133	52	75	6	212	185	27
Balance	−1,304	−606	−159	−347	−100	−698	−245	−453
1978								
Imports	1,592	746	166	416	164	846	440	406
Exports	458	170	63	92	15	288	244	44
Balance	−1,134	−576	−103	−324	−149	−558	−196	−362
1979								
Imports	2,019	844	223	422	199	1,176	657	518
Exports	528	212	91	109	12	316	263	53
Balance	−1,491	−632	−132	−313	−187	−859	−394	−465
1980								
Imports	2,048	801	168	434	199	1,247	742	505
Exports	680	218	92	115	11	462	362	100
Balance	−1,368	−583	−76	−319	−188	−785	−380	−405
1981								
Imports	1,807	729	165	361	203	1,078	561	517
Exports	637	242	93	137	12	395	332	63
Balance	−1,170	−488	−72	−224	−191	−683	−229	−454
1982								
Imports	1,825	915	175	482	258	910	573	337
Exports	607	299	100	184	15	308	245	63
Balance	−1,218	−616	−75	−298	−243	−602	−328	−274

[a] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, and Romania. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

25X1

Table C-8
Bulgaria: Agricultural Trade

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [a]	Other CPEs [b]	Total	Developed [c]	LDCs [d]
1970								
Imports	166	101	62	6	33	65	37	28
Exports	793	628	440	160	28	165	133	32
Balance	627	527	228	154	−5	100	96	4
1975								
Imports	463	260	111	40	109	203	116	87
Exports	1,486	1,222	904	245	73	264	165	99
Balance	1,023	962	793	205	−36	61	49	12
1976								
Imports	436	196	45	48	103	240	123	117
Exports	1,615	1,343	975	300	68	272	182	90
Balance	1,179	1,148	930	252	−35	31	59	−27
1977								
Imports	495	197	70	17	110	208	105	103
Exports	1,682	1,401	1,024	295	82	281	185	96
Balance	1,277	1,204	954	278	−28	73	80	−7
1978								
Imports	473	230	66	23	141	243	170	73
Exports	1,863	1,486	1,091	295	100	377	228	149
Balance	1,340	1,255	1,025	272	−41	134	58	76
1979								
Imports	554	250	70	24	156	304	221	83
Exports	2,095	1,682	1,216	355	111	413	252	161
Balance	1,541	1,432	1,146	331	−45	109	31	78
1980								
Imports	616	273	77	39	157	343	249	94
Exports	2,368	1,745	1,287	337	121	623	293	330
Balance	1,752	1,472	1,210	122	−36	280	444	236
1981								
Imports	703	267	67	37	163	436	349	87
Exports	2,226	1,619	1,287	227	105	608	272	336
Balance	1,523	1,352	1,220	190	−58	171	−77	249
1982								
Imports	571	311	72	54	185	260	177	83
Exports	2,499	2,014	1,370	480	163	485	279	206
Balance	1,928	1,703	1,298	420	−22	225	102	123

[a] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, and Romania. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

25X1

Table C-9
Hungary: Agricultural Trade

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [a]	Other CPEs [b]	Total	Developed [c]	LDCs [d]
1970								
Imports	366	116	58	38	20	250	155	95
Exports	521	260	124	125	11	261	250	11
Balance	155	144	66	87	−9	11	95	−84
1975								
Imports	739	276	88	131	57	463	216	247
Exports	1,273	790	490	281	19	483	430	53
Balance	534	514	402	150	−38	20	214	−194
1976								
Imports	815	290	64	144	82	525	221	304
Exports	1,343	879	367	472	40	464	407	57
Balance	528	589	303	328	−42	−61	186	−247
1977								
Imports	972	283	84	108	91	689	257	432
Exports	1,582	993	468	489	36	589	489	100
Balance	610	710	384	381	−55	−100	232	−332
1978								
Imports	1,021	290	92	115	83	731	287	444
Exports	1,679	958	463	445	50	721	578	143
Balance	658	668	371	330	−33	−10	291	−301
1979								
Imports	1,068	305	99	105	101	763	338	425
Exports	1,998	1,211	585	598	28	787	646	141
Balance	930	907	486	493	−73	23	308	−284
1980								
Imports	1,128	362	110	156	96	766	305	461
Exports	2,342	1,497	919	531	47	845	711	134
Balance	1,214	1,135	809	375	−49	79	406	−327
1981								
Imports	1,189	475	120	178	177	714	345	369
Exports	2,657	1,847	1,187	588	72	810	633	177
Balance	1,468	1,372	1,067	410	−105	96	288	−192
1982								
Imports	963	411	128	132	151	552	265	287
Exports	2,777	1,997	1,231	658	108	779	625	154
Balance	1,814	1,586	1,103	526	−43	227	360	−133

[a] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, and Romania. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

25X1

Table C-10
Romania: Agricultural Trade

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [a]	Other CPEs [b]	Total	Developed [c]	LDCs [d]
1970								
Imports	191	77	31	22	24	114	66	48
Exports	304	110	51	53	6	194	176	18
Balance	113	33	20	31	−18	80	110	−30
1975								
Imports	638	150	50	42	58	488	302	186
Exports	881	256	158	94	4	625	460	165
Balance	243	106	108	52	−54	137	158	−21
1976								
Imports	802	163	61	38	64	639	361	278
Exports	979	388	142	155	91	597	367	224
Balance	177	225	81	117	27	−48	6	−54
1977								
Imports	786	205	91	49	65	581	296	285
Exports	1,284	514	254	227	33	770	369	401
Balance	498	309	163	178	−32	189	73	116
1978								
Imports	931	236	89	49	98	695	322	373
Exports	1,174	470	157	305	8	704	418	286
Balance	243	234	68	256	−90	9	96	−87
1979								
Imports	1,107	291	71	102	118	816	519	297
Exports	1,211	511	300	203	8	700	425	275
Balance	104	220	229	101	−110	−116	−94	−22
1980								
Imports	1,516	395	93	118	184	1,121	746	375
Exports	1,426	826	338	337	150	600	400	200
Balance	−90	431	245	219	−34	−521	−346	−175
1981								
Imports	1,780	390	112	108	170	1,390	842	547
Exports	1,461	1,060	332	559	170	−401	350	51
Balance	−319	670	220	451	0	−989	−493	−496
1982								
Imports	920	330	87	92	151	590	348	242
Exports	1,122	672	280	380	12	450	301	149
Balance	202	342	193	288	−139	−140	−47	−93

[a] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, and Romania. Excludes Yugoslavia.
[b] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.
[c] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[d] Less developed countries—all countries not included above.

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Table C-11
Yugoslavia: Agricultural Trade [a]

Million US $

	Total Trade	Socialist Countries				Nonsocialist Countries		
		Total	USSR	Eastern Europe [b]	Other CPEs [c]	Total	Developed [d]	LDCs [e]
1970								
Imports	355	47	18	26	3	308	167	141
Exports	338	78	26	51	1	260	255	5
Balance	−193	31	8	25	−2	−224	88	−136
1975								
Imports	755	163	85	58	20	592	299	293
Exports	486	117	57	56	4	369	341	28
Balance	−269	−46	−28	−2	−16	−223	42	−265
1976								
Imports	948	384	116	204	64	564	264	300
Exports	654	134	68	64	1	520	477	43
Balance	−294	−250	−48	−140	−63	−44	213	−257
1977								
Imports	1,129	271	120	126	25	858	403	455
Exports	583	137	64	70	3	446	414	32
Balance	−546	−134	−56	−56	−22	−412	11	−423
1978								
Imports	1,063	257	149	74	34	806	391	415
Exports	715	163	86	72	5	552	504	48
Balance	−348	−94	−63	−2	−29	−254	113	−367
1979								
Imports	1,546	232	128	80	24	1,314	790	524
Exports	840	171	51	111	9	669	611	58
Balance	−706	−61	−77	31	−15	−645	−179	−466
1980								
Imports	1,746	321	179	121	21	1,425	875	550
Exports	1,152	422	281	129	12	730	587	143
Balance	−594	101	102	8	−9	−695	−288	−407
1981								
Imports	1,444	276	162	93	21	1,168	754	414
Exports	1,180	494	331	157	6	686	588	98
Balance	−264	218	169	64	−15	−482	−166	−316
1982								
Imports	1,251	263	147	107	9	988	699	289
Exports	1,227	568	376	184	8	659	548	111
Balance	−24	305	229	77	−1	−329	−151	−178

[a] Agricultural trade is based on the UN's Standard International Trade Classification (SITC) categories: 0—food and live animals; 1—beverages and tobacco; and 4—animal and vegetable oils and fats. Trade data for wool, cotton, oilseeds, hides, and skins were added to these totals.
[b] The CEMA six—Poland, East Germany, Czechoslovakia, Hungary, Romania, and Bulgaria.
[c] Other centrally planned economies—Albania, China, Cuba, Mongolia, North Korea, and Vietnam.
[d] Developed countries—OECD, South Africa, Japan, Australia, and New Zealand.
[e] Less developed countries—all other countries not included above.

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